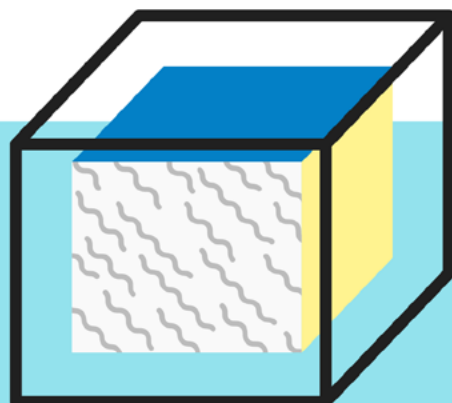





# Repricing Scenarios to Increase the Turnover of an Online Store



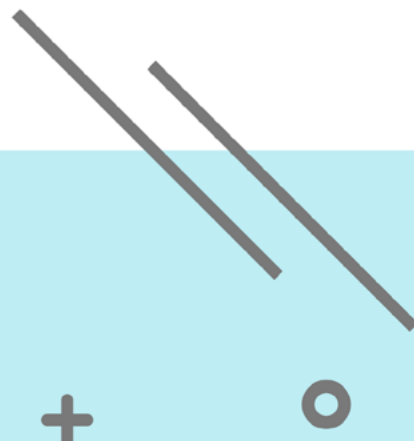
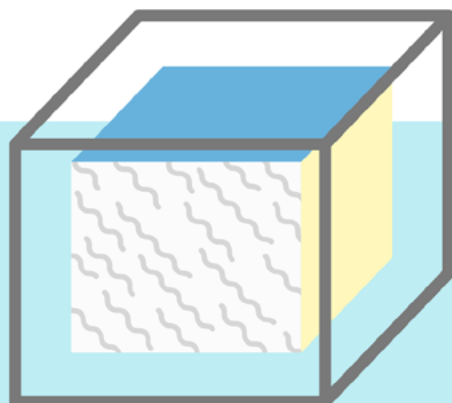




Often, retailers are faced with the task of quickly selling more goods. There can be a number of reasons for this: work with suppliers, making room in the warehouse, etc.

To effectively work with the turnover of products, retailers need to use different scenarios (algorithms, rules) for repricing. This is the main focus of this article.



At the end of this article, you'll find a list of data that you need in order to work effectively with the scenarios, the tools that you need in order to work with pricing and useful materials about this topic.



# Setting the Price at the Smallest Value Among Your Competitors Scenario

## Description:

This scenario helps maintain the value of products at a minimal level, while not selling at a loss.

keep the price at the minimum level among your competitors

**until**

the difference with the current price changes is less than 25%

**then**

do not reprice the product automatically, instead notify the manager

## Benefits:

If the goal of the retailer is to sell as many goods as possible, then this scenario is one of the best ways to do so. However, as in any scenario, it has one significant drawback.

## Disadvantages:

The rule of setting prices at a minimum value among competitors is very simple to implement, but it does not let the retailer make more revenue.

# The Minimum KVI-positions Price Scenario

## Description:

It helps maintain the lowest possible price on the market by following the key competitor with the lowest price. However, the price should not be lower than the minimum markup.

**if** the product is in the list of KVI-positions **then** reprice it to 5% percent below the competitor's minimum price **and** it needs to withstand the minimum markup of 3% of the cost price

## Benefits:

This scenario helps retailers achieve two goals simultaneously: increase turnover and take some of your competitor's customers due to the minimum cost of KVI-products.

## Disadvantages:

Attracting buyers who are looking for the minimum price of a product rarely works in the long run. These customers are always in search of the minimum price, which means that during the next purchase, they'll look for the cheapest option on the market.

# The Dynamics of Sales and Stock Scenario

## Description:

This scenario is created for those retailers who work with their warehouse. It helps carry out the plan for turnover, without selling the entire stock.

use the ["Minimum Margin"](#) scenario **while** the number of sales is less than the number of products in the warehouse **else** use the ["Plan for Turnover"](#) scenario

## Benefits:

This scenario helps synchronize the dynamics of sales with the rest of the warehouse and prepare storage space for the newly purchased batch of goods. A category manager can purchase products several months in advance.

## Disadvantages:

It's difficult to calculate the dynamics of sales and the correlation with what is left over in the warehouse by taking into account seasonal sales surges. To work effectively with this scenario, you may need the statistics from the last couple of years.

# Repricing Considering the Promotional Activities of Competitors Scenario

## Description:

This scenario is created for those retailers who track the promotional activities of competitors and want to react to them promptly.

**if** the competitor has a promotion on their products (either a discount or gift) **then** set the price of the product 5% lower than competitor **and** hold onto a minimum 3% markup

## Benefits:

This scenario helps retailers deal with the implicit dumping of competitors, bonuses and road markers, by offering a more favorable price for the product. This makes it possible to entice some of your competitor's buyers who compare prices on marketplaces.

## Disadvantages:

Like some other scenarios aimed at increasing turnover, this approach does not allow the retailer to earn more, and the competitor who launched the promotion may be in a better position, since the costs of conducting promotional activities are often taken on by the supplier.

# Stock Reducing Scenario

## Description:

This scenario is similar to the “Dynamics of sales and stock balances”, but takes into account the age of the stock. The task of many category managers, and often one of the KPIs, is not to exceed the “old stock” share above a certain value.

**if** the product is kept at stock more than N days

**then**

set its price at the level of the purchase price +1-3% regardless of the pricing of the competitor

**else**

use a different repricing scenario like, for example, the market price

## Benefits:

By monitoring the “health” of the stock, retailers won’t have outdated products overflowing in their warehouses. This lets them avoid the subsequent sale of such products by selling at a loss as a forced measure. In addition, the sale of products with a low markup, without looking at competitors, allows you to quickly increase sales and execute the plan for the reporting period.

## Disadvantages:

- 1) It’s useless for new products that just became a part of the inventory. In this case, you need to apply other scenarios.
- 2) Not all ERP-systems take into account the age of the stock and they only process quantitative indicators.

# Market Positioning Monitoring Scenario

## Description:

This a scenario for combating the dumping of competitors should a certain manufacturer establish a minimum market positioning.

**if** there are one or more violations of MRP by competitors **then** notify the manufacturer of the violation **and** set the price at the level of the competitor that made the violation

## Benefits:

At a high frequency of monitoring competitors' prices, this scenario promptly records the violation of the MRP and increases the sale of products that correspond with MRP.

## Disadvantages:

If you don't reach an agreement with the supplier about this kind of scenario in advance, there's a risk that you'll spoil the business relationship with the supplier. At the same time, the monitoring frequency should be high enough to secure the violation of MRP fairly quickly and respond faster than the other competitors.



As you can see now:

Each of these scenarios requires the retailer set particular values which is why we did not quote specific figures in the examples. The data that is used is an important component for working with scenarios.

## Necessary Data

For effective scripts usage, the retailer needs a high-quality, actual and correct data. It needs to be collected without errors on marketplaces and the competitor's websites at the time pricing need to be done.

The retailer needs to have the following information to work effectively with pricing scripts:

- Product data: stock availability, price, cost, KVI-positions.

Item	Stock attribute	KVI tag	Cost, \$
Multicooker Redmond RMC-M92S	in stock	YES	95
LCD TV Samsung UE43KU6000	in stock	NO	700
Notebook Apple MacBook Air 13'	low in stock	YES	925

- Business goals data: minimum markup, planned markup, turnover and margin plan, etc...

Item	Stock attribute	KVI tag	Cost, \$	Minimal mark-up, %	Planned mark-up, %	Planned turnover, units	Planned margin, \$	Final price, \$
Multicooker Redmond RMC-M92S	in stock	YES	95	12	18	150	3000	115
LCD TV Samsung UE43KU6000	in stock	NO	700	3	6	75	3375	745
Notebook Apple MacBook Air 13'	low in stock	YES	925	5	8	120	9000	999

- Competitor's data: prices, stocks, promotions.

Item	Stock attribute	KVI tag	Cost, \$	Minimal mark-up, %	Planned mark-up, %	Planned turnover, units	Planned margin, \$	Final price, \$	Competitor 1 price	Competitor 2 price	Competitor 3 price	Promo attribute	Stock attribute
Multicooker Redmond RMC-M92S	in stock	YES	95	12	18	150	3000	115	120	111	115	mark-down	in stock
LCD TV Samsung UE43KU6000	in stock	NO	700	3	6	75	3375	745	750	735	720	gift	low in stock
Notebook Apple MacBook Air 13'	low in stock	YES	925	5	8	120	9000	999	995	1019	999	no promo	out of stock

By integrating this data into the scenario and analyzing a performance of the latest, the retailer can understand how the product's price affects its sales, what is the influence of the key competitors on sales; create a Price Index report to track the effectiveness of retailer's pricing and the impact of its competitors more effectively.

## Pricing Scenarios Tools

The simplest pricing scenarios tool is an Excel spreadsheet. But, since this tool has more flaws than advantages, it is much more effective to use special pricing services.

The [Price Management product](#), a part of the Competera Pricing Platform:

- Integrates all the collected internal and external data and visualizes it.
- Sets product prices according to the preset script rules.
- Detects anomalies and opportunities to optimize pricing—for most scenarios the retailer needs to use threshold scenarios to keep the correctness of pricing.

To calculate the ROI of such tool for your business, do not hesitate to contact our pricing experts.

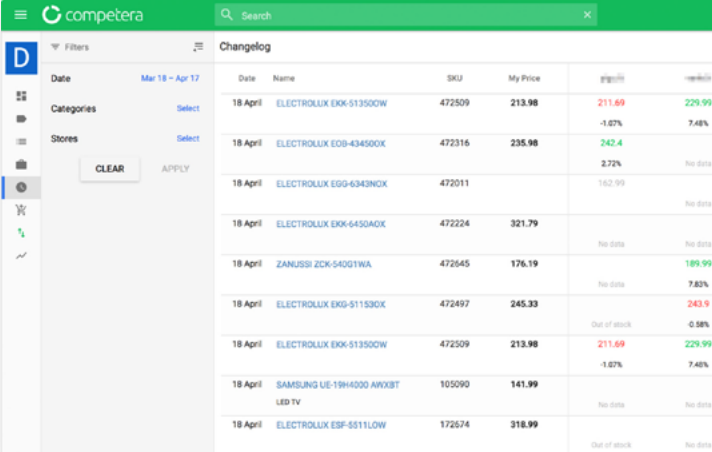
## Useful resources

- [Article](#) and [free online course](#) on Pricing Strategies
- How to collect data: [build or buy pricing solution](#)
- What is [Agile Pricing™](#)?
- [How to explain pricing strategies](#) in a way even child will understand

If you want to know which of the above pricing rules will be effective for your online store, chat with our pricing experts—they will answer all your questions.

# Competera Price Management

The right pricing, on the right products, at the right time



Date	Name	SKU	My Price	% diff	target
18 April	ELECTROLUX EKK-513500W	472509	213.98	211.69	229.99
				-1.07%	7.48%
18 April	ELECTROLUX EOB-634500X	472316	235.98	242.4	
				2.72%	No data
18 April	ELECTROLUX EGG-6343NOX	472011		162.99	
					No data
18 April	ELECTROLUX EKK-6450A0X	472224	321.79		
				No data	No data
18 April	ZANUSSI ZCK-540G1WA	472645	176.19		189.99
				No data	7.83%
18 April	ELECTROLUX EKG-511530X	472497	245.33		243.9
				Out of stock	0.58%
18 April	ELECTROLUX EKK-513500W	472509	213.98	211.69	229.99
				-1.07%	7.48%
18 April	SAMSUNG UE-19H4000 ARXBT LED TV	105090	141.99		
				No data	No data
18 April	ELECTROLUX ESF-5511LOW	172674	318.99		
				Out of stock	No data

## One place for the right decisions

Place all pricing data in one interface, adding any new layer of information (such as sales) that you need.

## Predict and highlight pricing opportunities

Different product groups defined, price adjust recommendations are displayed, providing KPI oriented alerts and hints.

## Pricing timeframe pivot

Changing of hundreds of prices will take only minutes and 3 clicks. Less time consuming while increasing KPIs.

Details at [competera.net](https://competera.net)

